

## Message Text

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ACTION EA-07

INFO OCT-01 ISO-00 AGR-03 NSC-07 NSCE-00 SWF-01 TAR-01

SAM-01 NIC-01 SAJ-01 AID-05 CIAE-00 COME-00 EB-03

FRB-01 INR-10 NSAE-00 RSC-01 TRSE-00 XMB-01 OPIC-02

SP-02 CIEP-01 LAB-01 SIL-01 OMB-01 SS-14 STR-01

CEA-01 L-02 H-01 DODE-00 PA-01 USIA-04 PRS-01 DRC-01

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R 090850Z OCT 74

FM USLO PEKING

TO SECSTATE WASHDC 2520

INFO AMCONSUL HONG KONG

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E.O. 11652: N/A

TAGS: EAGR, ETRD, CH, US

SUBJECT: PRC TRADE OFFICIAL COMMENTS ON 1974 HARVEST;

CRITICIZES LOW QUALITY OF US WHEAT, CORN AND SOYBEANS;

REVEALS NEW TCK PROBLEM

1. IN DISCUSSION WITH USLO OFFICER HOROWITZ AT A ROMANIAN EMBASSY RECEPTION OCTOBER 8, PRINCIPAL GRAIN NEGOTIATOR SHIH YUN-CHING OF CHINA NATIONAL CEREALS, OILS AND FOODSTUFFS IMPORT AND EXPORT CORPORATION (CEROILFOOD) DESCRIBED THIS YEAR'S HARVESTS AS TRULY OUTSTANDING. SHIH SAID CONFIDENTLY THAT IT HAS SO FAR BEEN A BUMPER HARVEST FOR ALL CROPS, AND THAT THE UPCOMING AUTUMN HARVEST ALMOST CERTAINLY WILL BE A BUMPER ONE TOO. " WE CAN TELL ABOUT THE AUTUMN HARVEST JUST BY EXAMINING CURRENT GROWTH," HE SAID. "HAVE YOU TRAVELLED RECENTLY," HE CONTINUED, "AND NOTICED HOW WELL THE FIELDS LOOK?"

2. SUBJECT OF THIS YEAR'S HARVEST CAME UP IN CONTEXT OF  
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HOROWITZ'S EFFORT TO DRAW SHIH OUT ON CEROILFOOD'S REASONS FOR

DELAYING WHEAT IMPORT DELIVERIES AND APPARENT LOWERED CHINESE ESTIMATE OF WHEAT IMPORT REQUIREMENTS THIS YEA (PEKING 1735). SHIH AVOIDED RESPONDING SPECIFICALLY TO QUESTIONS ABOUT IMPORT DELIVERIES, BUT DID SAY THAT HARVEST PROSPECTS ARE ONE FACTOR WHICH AFFECTS REQUIREMENTS OF END USERS.

3. HOROWITZ NOTED THAT THE EARLY RICE HARVEST IS GENERALLY BELIEVED TO HAVE BEEN OUTSTANDING BUT THAT IT WAS NOT CLEAR LAST SPRING HOW WELL THE HARVEST OF WHEAT AND OTHER WINTER GRAINS HAD GONE. IN HIS REPLY, SHIH EMPHASIZED THAT BOTH THOSE HARVESTS, INCLUDING THE WINTER WHEAT WERE EXCELLENT.

4. ASKED ABOUT RICE EXPORTS THIS YEAR, SHIH SAID THEY ARE "GOING SMOOTHLY." IN REPLY TO HOROWITZ'S COMMENT THAT LITTLE RICE WAS AVAILABLE AT THE SPRING CANTON FAIR, SHIH HINTED THAT RICE WILL BE AVAILABLE THIS FALL.

5. IN COURSE OF DISCUSSION, SHIH CRITICIZED POOR QUALITY OF US AGRICULTURAL COMMODITIES, NOTING TCK PROBLEM IN WHEAT, LOW QUALITY OF US CORN, AND EXCESSIVE IMPURITIES IN US SOYBEANS INCLUDING POISONOUS SEEDS WHICH HAD MADE PEOPLE SICK (PEKING 1666). HE SAID HE UNDERSTANDS THAT METHODS OF PLANTING AND HARVESTING IN THE US ARE NOT AS METICULOUS AS THOSE IN CHINA, BUT SAID THE US SHOULD DO SOMETHING ABOUT THE LOW QUALITY OF THOSE COMMODITIES WHICH IT EXPORTS. ASKED HOW THE PROCEDURES FOR PREVENTING SHIPMENTS OF TCK INFECTED WHEAT TO CHINA ARE WORKING OUT, SHIH SAID HE JUST HEARD THAT DAY THAT TCK WAS FOUND ON ANOTHER SHIPLOAD OF US WHEAT -- HE RAISED HIS HANDS AND SAID HE JUST DOESN'T KNOW WHAT CAN BE DONE ABOUT THE TCK PROBLEM. HE DID NOT INDICATE WHETHER THIS TCK SHIPMENT HAS BEEN FOUND ON ARRIVAL IN THE PRC OR WHETHER IT WAS DISCOVERED DURING LOADING IN THE US. THE CONVERSATION WAS INTERRUPTED AT THIS POINT.

7. COMMENT: WHILE WE HAVE MET SHIH AT OCCASIONAL RECEPTIONS, WE HAVE NOT HAD ENOUGH PERSONAL CONTACT TO MAKE JUDGMENTS ABOUT THE RELIABILITY OF HIS REMARKS. WE KNOW THAT GRAIN DEALERS BELIEVE HE IS A TOUGH BUT STRAIGHTFORWARD NEGOTIATOR. IN ANY EVENT, HIS REMARKS ABOUT THIS YEAR'S HARVEST WERE NOT GIVEN IN THE HACKNEYED PHRASES OF NCNA, AND WHILE THE QUESTIONS WERE ADMITTEDLY LEADING, HE CONVEYED THE IMPRESSION OF SINCERE CONFIDENCE  
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IN THIS YEAR'S RESULTS. HIS REMARKS THUS TEND TO CONFIRM OUR IMPRESSION OF A LINKAGE BETWEEN THIS YEAR'S CROPS AND AN APPARENTLY RELAXED VIEW OF IMPORT REQUIREMENTS. SHIH'S COMMENTS ABOUT THE QUALITY OF US WHEAT, CORN AND SOYBEANS ARE ALSO WHOLLY CONSISTENT WITH WHAT VARIOUS GRAIN DEALERS HAVE HEARD FROM HIM THROUGHOUT THIS YEAR.  
HOLDRIDGE

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## Message Attributes

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